

## SENATE BILL No. 176

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-18.5-3; IC 6-3.5; IC 6-8.1-1-1; IC 6-9-45; IC 8-25; IC 12-29-2-2; IC 36-9.

**Synopsis:** Central Indiana transit. Provides for the establishment or expansion of public transportation services in an eligible county through local public questions placed on the ballot under ordinances adopted by the fiscal body of the eligible county. Provides that Delaware County, Hamilton County, Johnson County, Madison County, and Marion County are eligible counties. Authorizes eligible counties to fund approved public transportation projects through various parts of the local option income tax rates that are available under current law for other purposes and by imposing on C corporations a county income tax or a county employment tax. Specifies that fares must cover 25% of the operating costs of a transportation system established or expanded under the bill. Authorizes interlocal agreements, public-private partnerships, and bonding with respect to a public transportation project.

**Effective:** July 1, 2014.

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**Miller Patricia, Waltz**

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January 8, 2014, read first time and referred to Committee on Tax and Fiscal Policy.

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Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## SENATE BILL No. 176

A BILL FOR AN ACT to amend the Indiana Code concerning transportation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-18.5-3, AS AMENDED BY P.L.234-2013,  
2       SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JULY 1, 2014]: Sec. 3. (a) A civil taxing unit may not impose an ad  
4       valorem property tax levy for an ensuing calendar year that exceeds the  
5       amount determined in the last STEP of the following STEPS:  
6       STEP ONE: Determine the civil taxing unit's maximum  
7       permissible ad valorem property tax levy for the preceding  
8       calendar year.  
9       STEP TWO: Multiply the amount determined in STEP ONE by  
10      the amount determined in the last STEP of section 2(b) of this  
11      chapter.  
12      STEP THREE: Determine the lesser of one and fifteen hundredths  
13      (1.15) or the quotient (rounded to the nearest ten-thousandth  
14      (0.0001)), of the assessed value of all taxable property subject to  
15      the civil taxing unit's ad valorem property tax levy for the ensuing  
16      calendar year, divided by the assessed value of all taxable



property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount of an excessive levy appeal granted under section 13 of this chapter for the ensuing calendar year.

STEP SEVEN: Determine the greater of STEP FIVE or STEP SIX.

(b) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a civil taxing unit that is located in a county for which:

(1) a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24; or

(2) a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30;

**to provide property tax relief in the county.** Notwithstanding any provision in this section, any other section of this chapter, or IC 12-20-21-3.2, and except as provided in subsection (c), the maximum permissible ad valorem property tax levy calculated under this section for the ensuing calendar year for a civil taxing unit subject to this section is equal to the civil taxing unit's maximum permissible ad valorem property tax levy for the current calendar year.

(c) This subsection applies only to property taxes first due and payable after December 31, 2007. In the case of a civil taxing unit that:

(1) is partially located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30 **to provide property tax relief in the county;** and

(2) is partially located in a county that is not described in subdivision (1);

the department of local government finance shall, notwithstanding subsection (b), adjust the portion of the civil taxing unit's maximum permissible ad valorem property tax levy that is attributable (as determined by the department of local government finance) to the county or counties described in subdivision (2). The department of



1 local government finance shall adjust this portion of the civil taxing  
 2 unit's maximum permissible ad valorem property tax levy so that,  
 3 notwithstanding subsection (b), this portion is allowed to increase as  
 4 otherwise provided in this section. If the department of local  
 5 government finance increases the civil taxing unit's maximum  
 6 permissible ad valorem property tax levy under this subsection, any  
 7 additional property taxes imposed by the civil taxing unit under the  
 8 adjustment shall be paid only by the taxpayers in the county or counties  
 9 described in subdivision (2).

10 SECTION 2. IC 6-3.5-1.1-9, AS AMENDED BY P.L.261-2013,  
 11 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 12 JULY 1, 2014]: Sec. 9. (a) Revenue derived from the imposition of the  
 13 county adjusted gross income tax shall, in the manner prescribed by  
 14 this section, be distributed to the county that imposed it. The amount  
 15 to be distributed to a county during an ensuing calendar year equals the  
 16 amount of county adjusted gross income tax revenue that the budget  
 17 agency determines has been:

18 (1) received from that county for a taxable year ending before the  
 19 calendar year in which the determination is made; and

20 (2) reported on an annual return or amended return processed by  
 21 the department in the state fiscal year ending before July 1 of the  
 22 calendar year in which the determination is made;

23 as adjusted for refunds of county adjusted gross income tax made in the  
 24 state fiscal year.

25 (b) Before August 2 of each calendar year, the budget agency shall  
 26 provide to the county auditor of each adopting county an estimate of  
 27 the amount determined under subsection (a) that will be distributed to  
 28 the county, based on known tax rates. Not later than thirty (30) days  
 29 after receiving the estimate of the certified distribution, the county  
 30 auditor shall notify each taxing unit of the estimated amount of  
 31 property tax replacement credits, certified shares, and other revenue  
 32 that will be distributed to the taxing unit under this chapter during the  
 33 ensuing calendar year. Before October 1 of each calendar year, the  
 34 budget agency shall certify to the county auditor of each adopting  
 35 county the amount determined under subsection (a) plus the amount of  
 36 interest in the county's account that has accrued and has not been  
 37 included in a certification made in a preceding year. The amount  
 38 certified is the county's "certified distribution" for the immediately  
 39 succeeding calendar year. The amount certified shall be adjusted under  
 40 subsections (c), (d), (e), (f), and (g). Not later than thirty (30) days after  
 41 receiving the notice of the amount of the certified distribution, the  
 42 county auditor shall notify each taxing unit of the amount of property



1 tax replacement credits, certified shares, and other revenue that will be  
 2 distributed to the taxing unit under this chapter during the ensuing  
 3 calendar year. The budget agency shall provide the county council with  
 4 an informative summary of the calculations used to determine the  
 5 certified distribution. The summary of calculations must include:

- 6 (1) the amount reported on individual income tax returns
- 7 processed by the department during the previous fiscal year;
- 8 (2) adjustments for over distributions in prior years;
- 9 (3) adjustments for clerical or mathematical errors in prior years;
- 10 (4) adjustments for tax rate changes; and
- 11 (5) the amount of excess account balances to be distributed under
- 12 IC 6-3.5-1.1-21.1.

13 The budget agency shall also certify information concerning the part of  
 14 the certified distribution that is attributable to a tax rate under section  
 15 24, 25, or 26 of this chapter. This information must be certified to the  
 16 county auditor, the department, and the department of local government  
 17 finance before October 1 of each calendar year. The part of the certified  
 18 distribution that is attributable to a tax rate under section 24, 25, or 26  
 19 of this chapter may be used only as specified in those provisions.

20 (c) The budget agency shall certify an amount less than the amount  
 21 determined under subsection (b) if the budget agency determines that  
 22 the reduced distribution is necessary to offset overpayments made in a  
 23 calendar year before the calendar year of the distribution. The budget  
 24 agency may reduce the amount of the certified distribution over several  
 25 calendar years so that any overpayments are offset over several years  
 26 rather than in one (1) lump sum.

27 (d) The budget agency shall adjust the certified distribution of a  
 28 county to correct for any clerical or mathematical errors made in any  
 29 previous certification under this section. The budget agency may  
 30 reduce the amount of the certified distribution over several calendar  
 31 years so that any adjustment under this subsection is offset over several  
 32 years rather than in one (1) lump sum.

33 (e) This subsection applies to a county that initially imposes,  
 34 increases, decreases, or rescinds a tax or tax rate under this chapter  
 35 before November 1 in the same calendar year in which the budget  
 36 agency makes a certification under this section. The budget agency  
 37 shall adjust the certified distribution of a county to provide for a  
 38 distribution in the immediately following calendar year and in each  
 39 calendar year thereafter. The budget agency shall provide for a full  
 40 transition to certification of distributions as provided in subsection  
 41 (a)(1) through (a)(2) in the manner provided in subsection (c). If the  
 42 county imposes, increases, decreases, or rescinds a tax or tax rate under



1 this chapter after the date for which a certification under subsection (b)  
 2 is based, the budget agency shall adjust the certified distribution of the  
 3 county after September 30 of the calendar year. The adjustment shall  
 4 reflect any other adjustment required under subsections (c), (d), (f), and  
 5 (g). The adjusted certification shall be treated as the county's "certified  
 6 distribution" for the immediately succeeding calendar year. The budget  
 7 agency shall certify the adjusted certified distribution to the county  
 8 auditor for the county and provide the county council with an  
 9 informative summary of the calculations that revises the informative  
 10 summary provided in subsection (b) and reflects the changes made in  
 11 the adjustment.

12 (f) The budget agency shall adjust the certified distribution of a  
 13 county to provide the county with the distribution required under  
 14 section 3.3 of this chapter beginning not later than the tenth month after  
 15 the month in which additional revenue from the tax authorized under  
 16 section 3.3 of this chapter is initially collected.

17 (g) This subsection applies in the year in which a county initially  
 18 imposes a tax rate under section 24 of this chapter. Notwithstanding  
 19 any other provision, the budget agency shall adjust the part of the  
 20 county's certified distribution that is attributable to the tax rate under  
 21 section 24 of this chapter to provide for a distribution in the  
 22 immediately following calendar year equal to the result of:

23 (1) the sum of the amounts determined under STEP ONE through  
 24 STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the year in  
 25 which the county initially imposes a tax rate under section 24 of  
 26 this chapter; multiplied by

27 (2) two (2).

28 (h) The budget agency shall before May 1 of every odd-numbered  
 29 year publish an estimate of the statewide total amount of certified  
 30 distributions to be made under this chapter during the following two (2)  
 31 calendar years.

32 (i) The budget agency shall before May 1 of every even-numbered  
 33 year publish an estimate of the statewide total amount of certified  
 34 distributions to be made under this chapter during the following  
 35 calendar year.

36 (j) The estimates under subsections (h) and (i) must specify the  
 37 amount of the estimated certified distributions that are attributable to  
 38 the additional rate authorized under section 24 of this chapter, the  
 39 additional rate authorized under section 25 of this chapter, the  
 40 additional rate authorized under section 26 of this chapter, and any  
 41 other additional rates authorized under this chapter.

42 SECTION 3. IC 6-3.5-1.1-23, AS AMENDED BY P.L.224-2007,



SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 23. (a) A pledge of county adjusted gross income tax revenues **received** under this chapter (other than tax revenue attributable to a tax rate under section 24, 25, or 26 of this chapter **for property tax relief or public safety**) is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the collection of the tax imposed under this chapter as long as the principal of or interest on those obligations is unpaid.

SECTION 4. IC 6-3.5-1.1-24, AS AMENDED BY P.L.261-2013, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 24. (a) In a county in which the county adjusted gross income tax is in effect, the county council may adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

(b) In a county in which neither the county adjusted gross income tax nor the county option income tax is in effect, the county council may adopt an ordinance to impose a tax rate under this section.

(c) If a county council adopts an ordinance to impose or increase a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) **Except as provided in subsection (t)**, the following apply only in the year in which a county council first imposes a tax rate under this section:

(1) The county council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county in the first year is equal to the result of:

(A) the tax rate determined for the county under ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the year in which the tax rate is increased; multiplied by

(B) two (2).

(3) The tax rate that must be imposed in the county in the second



year is the tax rate determined for the county under ~~IC 6-3.5-1.5-1(b)~~. **IC 6-3.5-1.5-1(c)**. The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

(f) **Except as provided in subsection (t)**, the following apply only in a year in which a county council increases a tax rate under this section:

(1) The county council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county is equal to the result of:

(A) the tax rate determined for the county under ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in that year; plus

(B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) **Except as provided in subsection (t)**, the department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(b), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this



1 section.  
 2 STEP THREE: For distributions in 2009 and thereafter, the result  
 3 of this STEP is zero (0). For distribution to the county for deposit  
 4 in the county family and children's fund before 2009, determine  
 5 the result of:

- 6 (1) the quotient of:  
 7 (A) the amount determined under STEP TWO of  
 8 ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year;  
 9 divided by  
 10 (B) the STEP ONE amount; multiplied by  
 11 (2) the tax revenue received by the county treasurer under this  
 12 section.

13 STEP FOUR: For distributions in 2009 and thereafter, the result  
 14 of this STEP is zero (0). For distribution to the county for deposit  
 15 in the county children's psychiatric residential treatment services  
 16 fund before 2009, determine the result of:

- 17 (1) the quotient of:  
 18 (A) the amount determined under STEP THREE of  
 19 ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year;  
 20 divided by  
 21 (B) the STEP ONE amount; multiplied by  
 22 (2) the tax revenue received by the county treasurer under this  
 23 section.

24 STEP FIVE: For distribution to the county for community mental  
 25 health center purposes, determine the result of:

- 26 (1) the quotient of:  
 27 (A) the amount determined under STEP FOUR of  
 28 ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year;  
 29 divided by  
 30 (B) the STEP ONE amount; multiplied by  
 31 (2) the tax revenue received by the county treasurer under this  
 32 section.

33 Except as provided in subsection (m), the county treasurer shall  
 34 distribute the portion of the certified distribution that is attributable to  
 35 a tax rate under this section as specified in this section. The county  
 36 treasurer shall make the distributions under this subsection at the same  
 37 time that distributions are made to civil taxing units under section 15  
 38 of this chapter.

39 (h) Notwithstanding sections 3.1 and 4 of this chapter, a county  
 40 council may not decrease or rescind a tax rate imposed under this  
 41 ~~chapter.~~ **section.**

42 (i) The tax rate under this section shall not be considered for



1 purposes of computing:

2 (1) the maximum income tax rate that may be imposed in a county  
3 under section 2 of this chapter or any other provision of this  
4 chapter; or

5 (2) the maximum permissible property tax levy under  
6 IC 6-1.1-18.5-3.

7 (j) The tax levy under this section shall not be considered for  
8 purposes of the credit under IC 6-1.1-20.6.

9 (k) **Except as provided in subsections (s) and (t)**, a distribution  
10 under this section shall be treated as a part of the receiving civil taxing  
11 unit's property tax levy for that year for purposes of fixing the budget  
12 of the civil taxing unit and for determining the distribution of taxes that  
13 are distributed on the basis of property tax levies.

14 (l) If a county council imposes a tax rate under this section (**other**  
15 **than a tax rate imposed under subsection (s)**), the portion of county  
16 adjusted gross income tax revenue dedicated to property tax  
17 replacement credits under section 11 of this chapter may not be  
18 decreased.

19 (m) In the year following the year in a which a county first imposes  
20 a tax rate under this section, one-half (1/2) of the tax revenue that is  
21 attributable to the tax rate under this section (**other than a tax rate**  
22 **imposed under subsection (s)**) must be deposited in the county  
23 stabilization fund established under subsection (o).

24 (n) **Except as provided in subsection (t) and IC 8-25**, a pledge of  
25 county adjusted gross income taxes does not apply to revenue  
26 attributable to a tax rate under this section.

27 (o) **Except as provided in subsection (t)**, a county stabilization  
28 fund is established in each county that imposes a tax rate under this  
29 section. The county stabilization fund shall be administered by the  
30 county auditor. If for a year the certified distributions attributable to a  
31 tax rate under this section exceed the amount calculated under STEP  
32 ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** that  
33 is used by the department of local government finance and the  
34 department of state revenue to determine the tax rate under this section,  
35 the excess shall be deposited in the county stabilization fund. Money  
36 shall be distributed from the county stabilization fund in a year by the  
37 county auditor to political subdivisions entitled to a distribution of tax  
38 revenue attributable to the tax rate under this section if:

39 (1) the certified distributions attributable to a tax rate under this  
40 section are less than the amount calculated under STEP ONE  
41 through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** that  
42 is used by the department of local government finance and the



department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) A county council must each year hold at least one (1) public meeting at which the county council discusses whether the tax rate under this section should be imposed or increased.

(r) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

**(s) This subsection applies only to Johnson County. If the voters of the county approve a local public question under IC 8-25-2, the fiscal body of the county may adopt an ordinance to provide for the use of county adjusted gross income tax revenues attributable to an additional tax rate imposed under this subsection to fund a public transportation project under IC 8-25. An ordinance adopted under this subsection must specify an additional tax rate to be imposed in the county of at least one-tenth percent (0.1%), but not more than twenty-five hundredths percent (0.25%). If an ordinance is adopted under this subsection, the amount of the certified distribution attributable to the additional tax rate imposed under this subsection must be:**

**(1) retained by the county auditor;**

**(2) deposited in the public transportation project fund established under IC 8-25-3-7; and**

**(3) used for the purpose provided in this subsection instead of as a property tax replacement distribution.**

**(t) The following do not apply to an additional tax rate imposed under subsection (s):**

**(1) Subsection (e).**

**(2) Subsection (f).**

**(3) Subsection (g).**

**(4) Subsection (k).**

**(5) Subsection (n).**

**(6) Subsection (o).**

SECTION 5. IC 6-3.5-1.5-1, AS AMENDED BY P.L.137-2012,



SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 1. **(a) This section does not apply to a tax rate imposed under IC 6-3.5-1.1-24(s) or IC 6-3.5-6-30(t) for a public transportation project authorized under IC 8-25-2.**

**(a) (b)** The department of local government finance and the budget agency shall, before September 1 of each year, jointly calculate the county adjusted income tax rate or county option income tax rate (as applicable) that must be imposed in a county to raise income tax revenue in the following year equal to the sum of the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all civil taxing units in the county for the ensuing calendar year (before any adjustment under IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for the ensuing calendar year); minus

(2) the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all civil taxing units in the county for the current calendar year.

In the case of a civil taxing unit that is located in more than one (1) county, the department of local government finance shall, for purposes of making the determination under this subdivision, apportion the civil taxing unit's maximum permissible ad valorem property tax levy among the counties in which the civil taxing unit is located.

STEP TWO: This STEP applies only to property taxes first due and payable before January 1, 2009. Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the family and children property tax levy that will be imposed by the county under IC 12-19-7-4 (before its repeal) for the ensuing calendar year (before any adjustment under IC 12-19-7-4(b) (before its repeal) for the ensuing calendar year); minus

(2) the county's family and children property tax levy imposed by the county under IC 12-19-7-4 (before its repeal) for the current calendar year.

STEP THREE: This STEP applies only to property taxes first due and payable before January 1, 2009. Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the children's psychiatric residential treatment services



property tax levy that will be imposed by the county under IC 12-19-7.5-6 ~~for~~ (before its repeal) **for** the ensuing calendar year (before any adjustment under IC 12-19-7.5-6(b) (before its repeal) for the ensuing calendar year); minus  
 (2) the children's psychiatric residential treatment services property tax imposed by the county under IC 12-19-7.5-6 (before its repeal) for the current calendar year.

STEP FOUR: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the ensuing calendar year (before any adjustment under IC 12-29-2-2(c) for the ensuing calendar year); minus

(2) the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the current calendar year.

~~(b)~~ **(c)** In the case of a county that wishes to impose a tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the department of local government finance and the budget agency shall jointly estimate the amount that will be calculated under subsection (a) in the second year after the tax rate is first imposed. The department of local government finance and the budget agency shall calculate the tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be imposed in the county in the second year after the tax rate is first imposed to raise income tax revenue equal to the estimate under this subsection.

~~(c)~~ **(d)** The budget agency and the department of local government finance shall make the calculations under subsections ~~(a)~~ **(b)** and ~~(b)~~ **(c)** based on the best information available at the time the calculation is made.

~~(d)~~ **(e)** Notwithstanding IC 6-3.5-1.1-24(h) and IC 6-3.5-6-30(h), if a county has adopted an income tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 to replace property tax levy growth, the part of the tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 that was used before January 1, 2009, to reduce levy growth in the county family and children's fund property tax levy and the children's psychiatric residential treatment services property tax levy shall instead be used for property tax relief in the same manner that a tax rate under IC 6-3.5-1.1-26 or IC 6-3.5-6-32 is used for property tax relief.

SECTION 6. IC 6-3.5-6-17, AS AMENDED BY P.L.261-2013, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 17. (a) Revenue derived from the imposition of



the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the budget agency determines has been:

(1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made; as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the budget agency shall provide to the county auditor of each adopting county an estimate of the amount determined under subsection (a) that will be distributed to the county, based on known tax rates. Not later than thirty (30) days after receiving the estimate of the certified distribution, the county auditor shall notify each taxing unit of the estimated amount of distributive shares and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. Before October 1 of each calendar year, the budget agency shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), (e), and (f). Not later than thirty (30) days after receiving the notice of the amount of the certified distribution, the county auditor shall notify each taxing unit of the amount of distributive shares and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. The budget agency shall provide the county council with an informative summary of the calculations used to determine the certified distribution. The summary of calculations must include:

- (1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;
- (2) adjustments for over distributions in prior years;
- (3) adjustments for clerical or mathematical errors in prior years;
- (4) adjustments for tax rate changes; and



(5) the amount of excess account balances to be distributed under IC 6-3.5-6-17.3.

The budget agency shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter. This information must be certified to the county auditor and to the department of local government finance before October 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter may be used only as specified in those provisions.

(c) The budget agency shall certify an amount less than the amount determined under subsection (b) if the budget agency determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The budget agency may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The budget agency shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The budget agency may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that imposes, increases, decreases, or rescinds a tax or tax rate under this chapter before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c). If the county imposes, increases, decreases, or rescinds a tax or tax rate under this chapter after the date for which a certification under subsection (b) is based, the budget agency shall adjust the certified distribution of the county after September 30 of the calendar year. The adjustment shall reflect any other adjustment required under subsections (c), (d), and (f). The adjusted certification shall be treated as the county's "certified distribution" for the immediately succeeding calendar year. The budget agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an informative summary of the calculations that revises the informative summary provided in subsection (b) and reflects the changes made in



the adjustment.

(f) This subsection applies in the year a county initially imposes a tax rate under section 30 of this chapter. Notwithstanding any other provision, the budget agency shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 30 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the year in which the county initially imposes a tax rate under section 30 of this chapter; multiplied by

(2) the following:

(A) In a county containing a consolidated city, one and five-tenths (1.5).

(B) In a county other than a county containing a consolidated city, two (2).

(g) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first regular business day of each month of that calendar year.

(h) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(i) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

(j) The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

(k) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

(l) The estimates under subsections (j) and (k) must specify the amount of the estimated certified distributions that are attributable to the additional rate authorized under section 30 of this chapter, the additional rate authorized under section 31 of this chapter, the additional rate authorized under section 32 of this chapter, and any other additional rates authorized under this chapter.



SECTION 7. IC 6-3.5-6-18, AS AMENDED BY P.L.135-2011, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

- (1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) fund the operation of a public library in a county containing a consolidated city as provided in an election, if any, made by the county fiscal body under IC 36-3-7-6;
- (5) make payments permitted under IC 36-7-14-25.5 or IC 36-7-15.1-17.5;
- (6) make payments permitted under subsection (i);
- (7) make distributions of distributive shares to the civil taxing units of a county; ~~and~~
- (8) make the distributions permitted under sections 27, 28, 29, 30, 31, 32, and 33 of this chapter; **and**
- (9) fund a public transportation project approved under IC 8-25-2, if any.**

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain:

- (1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-3-7-6, IC 36-7-14-25.5, IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year; and
- (2) the amount of an additional tax rate imposed under section 27, 28, 29, 30, 31, 32, or 33 of this chapter.

The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and



distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the allocation amount for the civil taxing unit for the calendar year in which the month falls. The denominator of the fraction equals the sum of the allocation amounts of all the civil taxing units of the county for the calendar year in which the month falls.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter (other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter **for**



1 **property tax relief or public safety)** to the payment of bonds or lease  
 2 rentals to finance a qualified economic development tax project under  
 3 IC 36-7-27 in that county or in any other county if the county fiscal  
 4 body determines that the project will promote significant opportunities  
 5 for the gainful employment or retention of employment of the county's  
 6 residents.

7 SECTION 8. IC 6-3.5-6-26, AS AMENDED BY P.L.224-2007,  
 8 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 9 JULY 1, 2014]: Sec. 26. (a) A pledge of county option income tax  
 10 revenues **received** under this chapter (other than revenues attributable  
 11 to a tax rate imposed under section 30, 31, or 32 of this chapter **for**  
 12 **property tax relief or public safety)** is enforceable in accordance with  
 13 IC 5-1-14.

14 (b) With respect to obligations for which a pledge has been made  
 15 under this chapter, the general assembly covenants with the county and  
 16 the purchasers or owners of those obligations that this chapter will not  
 17 be repealed or amended in any manner that will adversely affect the tax  
 18 collected under this chapter as long as the principal of or interest on  
 19 those obligations is unpaid.

20 SECTION 9. IC 6-3.5-6-30, AS AMENDED BY P.L.261-2013,  
 21 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 22 JULY 1, 2014]: Sec. 30. (a) In a county in which the county option  
 23 income tax is in effect, the county income tax council may adopt an  
 24 ordinance to impose or increase (as applicable) a tax rate under this  
 25 section.

26 (b) In a county in which neither the county option adjusted gross  
 27 income tax nor the county option income tax is in effect, the county  
 28 income tax council may adopt an ordinance to impose a tax rate under  
 29 this section.

30 (c) If a county income tax council adopts an ordinance to impose or  
 31 increase a tax rate under this section, not more than ten (10) days after  
 32 the vote, the county auditor shall send a certified copy of the ordinance  
 33 to the commissioner of the department, the director of the budget  
 34 agency, and the commissioner of the department of local government  
 35 finance in an electronic format approved by the director of the budget  
 36 agency.

37 (d) A tax rate under this section is in addition to any other tax rates  
 38 imposed under this chapter and does not affect the purposes for which  
 39 other tax revenue under this chapter may be used.

40 (e) **Except as provided in subsection (u),** the following apply only  
 41 in the year in which a county income tax council first imposes a tax rate  
 42 under this section:



(1) The county income tax council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county in the first year is equal to the result of:

(A) the tax rate determined for the county under ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in that year; multiplied by

(B) the following:

(i) In a county containing a consolidated city, one and five-tenths (1.5).

(ii) In a county other than a county containing a consolidated city, two (2).

(3) The tax rate that must be imposed in the county in the second year is the tax rate determined for the county under ~~IC 6-3.5-1.5-1(b)~~ **IC 6-3.5-1.5-1(c)**. The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

(f) **Except as provided in subsection (u)**, the following apply only in a year in which a county income tax council increases a tax rate under this section:

(1) The county income tax council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county is equal to the result of:

(A) the tax rate determined for the county under ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the year the tax rate is increased; plus

(B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) **Except as provided in subsection (u)**, the department of local



government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(b), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county family and children's fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FOUR: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county children's psychiatric residential treatment services fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year;



- 1 divided by  
 2 (B) the STEP ONE amount; multiplied by  
 3 (2) the tax revenue received by the county treasurer under this  
 4 section.
- 5 Except as provided in subsection (m), the county treasurer shall  
 6 distribute the portion of the certified distribution that is attributable to  
 7 a tax rate under this section as specified in this section. The county  
 8 treasurer shall make the distributions under this subsection at the same  
 9 time that distributions are made to civil taxing units under section 18  
 10 of this chapter.
- 11 (h) Notwithstanding sections 12 and 12.5 of this chapter, a county  
 12 income tax council may not decrease or rescind a tax rate imposed  
 13 under this section.
- 14 (i) The tax rate under this section shall not be considered for  
 15 purposes of computing:
- 16 (1) the maximum income tax rate that may be imposed in a county  
 17 under section 8 or 9 of this chapter or any other provision of this  
 18 chapter; or  
 19 (2) the maximum permissible property tax levy under  
 20 IC 6-1.1-18.5-3.
- 21 (j) The tax levy under this section shall not be considered for  
 22 purposes of the credit under IC 6-1.1-20.6.
- 23 (k) **Except as provided in subsections (t) and (u)**, a distribution  
 24 under this section shall be treated as a part of the receiving civil taxing  
 25 unit's property tax levy for that year for purposes of fixing its budget  
 26 and for determining the distribution of taxes that are distributed on the  
 27 basis of property tax levies.
- 28 (l) If a county income tax council imposes a tax rate under this  
 29 section **(other than a tax rate imposed under subsection (t))**, the  
 30 county option income tax rate dedicated to locally funded homestead  
 31 credits in the county may not be decreased.
- 32 (m) In the year following the year in which a county first imposes  
 33 a tax rate under this section:
- 34 (1) one-third (1/3) of the tax revenue that is attributable to the tax  
 35 rate under this section must be deposited in the county  
 36 stabilization fund established under subsection (o), in the case of  
 37 a county containing a consolidated city; and  
 38 (2) one-half (1/2) of the tax revenue that is attributable to the tax  
 39 rate under this section **(other than a tax rate imposed under**  
 40 **subsection (t))** must be deposited in the county stabilization fund  
 41 established under subsection (o), in the case of a county not  
 42 containing a consolidated city.



(n) **Except as provided in subsection (t) and IC 8-25**, a pledge of county option income taxes does not apply to revenue attributable to a tax rate under this section.

(o) **Except as provided in subsections (t) and (u)**, a county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) **Except as provided in subsection (u)**, a county income tax council must each year hold at least one (1) public meeting at which the county council discusses whether the tax rate under this section should be imposed or increased.

(r) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(s) Notwithstanding any other provision, in:

(1) Lake County;

(2) **Delaware County; and**

(3) **Madison County;**

the county council (and not the county income tax council) is the entity



1 authorized to take actions concerning the additional tax rate under this  
2 section.

3 **(t) This subsection applies only to Delaware County and**  
4 **Madison County. If the voters of a county approve a local public**  
5 **question under IC 8-25-2, the fiscal body of the county may, after**  
6 **at least one (1) public meeting, adopt an ordinance to provide for**  
7 **the use of county option income tax revenue attributable to an**  
8 **additional tax rate imposed under this subsection to fund a public**  
9 **transportation project under IC 8-25. An ordinance adopted under**  
10 **this subsection must specify an additional tax rate to be imposed in**  
11 **the county of at least one-tenth percent (0.1%), but not more than**  
12 **twenty-five hundredths percent (0.25%). If an ordinance is**  
13 **adopted under this subsection, the amount of the certified**  
14 **distribution attributable to the additional tax rate imposed under**  
15 **this subsection must be:**

- 16 **(1) retained by the county auditor;**
- 17 **(2) deposited in the county public transportation project fund**
- 18 **established under IC 8-25-3-7; and**
- 19 **(3) used for the purpose provided in this subsection instead of**
- 20 **as a property tax replacement distribution.**

21 **(u) The following do not apply to an additional tax rate imposed**  
22 **under subsection (t):**

- 23 **(1) Subsection (e).**
- 24 **(2) Subsection (f).**
- 25 **(3) Subsection (g).**
- 26 **(4) Subsection (k).**
- 27 **(5) Subsection (n).**
- 28 **(6) Subsection (o).**
- 29 **(7) Subsection (q).**

30 **SECTION 10. IC 6-3.5-7-5, AS AMENDED BY P.L.261-2013,**  
31 **SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**  
32 **JULY 1, 2014]: Sec. 5. (a) Except as provided in subsection (c), the**  
33 **county economic development income tax may be imposed on the**  
34 **adjusted gross income of county taxpayers. **Except as provided in****  
35 **section 26(m) of this chapter, the entity that may impose the tax is:**

- 36 **(1) the county income tax council (as defined in IC 6-3.5-6-1) if**
- 37 **the county option income tax is in effect on October 1 of the year**
- 38 **the county economic development income tax is imposed;**
- 39 **(2) the county council if the county adjusted gross income tax is**
- 40 **in effect on October 1 of the year the county economic**
- 41 **development tax is imposed; or**
- 42 **(3) the county income tax council or the county council,**



1           whichever acts first, for a county not covered by subdivision (1)  
2           or (2).

3           To impose the county economic development income tax, a county  
4           income tax council shall use the procedures set forth in IC 6-3.5-6  
5           concerning the imposition of the county option income tax.

6           (b) Except as provided in this section and section 28 of this chapter,  
7           the county economic development income tax may be imposed at a rate  
8           of:

- 9           (1) one-tenth percent (0.1%);
- 10           (2) two-tenths percent (0.2%);
- 11           (3) twenty-five hundredths percent (0.25%);
- 12           (4) three-tenths percent (0.3%);
- 13           (5) thirty-five hundredths percent (0.35%);
- 14           (6) four-tenths percent (0.4%);
- 15           (7) forty-five hundredths percent (0.45%); or
- 16           (8) five-tenths percent (0.5%);

17           on the adjusted gross income of county taxpayers.

18           (c) Except as provided in this section, the county economic  
19           development income tax rate plus the county adjusted gross income tax  
20           rate, if any, that are in effect on January 1 of a year may not exceed one  
21           and twenty-five hundredths percent (1.25%). Except as provided in this  
22           section, the county economic development tax rate plus the county  
23           option income tax rate, if any, that are in effect on January 1 of a year  
24           may not exceed one percent (1%).

25           (d) To impose, increase, decrease, or rescind the county economic  
26           development income tax, the appropriate body must adopt an  
27           ordinance.

28           (e) The ordinance to impose the tax must substantially state the  
29           following:

30           "The \_\_\_\_\_ County \_\_\_\_\_ imposes the county economic  
31           development income tax on the county taxpayers of \_\_\_\_\_  
32           County. The county economic development income tax is imposed at  
33           a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the  
34           county."

35           (f) The auditor of a county shall record all votes taken on ordinances  
36           presented for a vote under the authority of this chapter and shall, not  
37           more than ten (10) days after the vote, send a certified copy of the  
38           results to the commissioner of the department, the director of the  
39           budget agency, and the commissioner of the department of local  
40           government finance in an electronic format approved by the director of  
41           the budget agency.

42           (g) For Jackson County, except as provided in subsection (o), the



1 county economic development income tax rate plus the county adjusted  
 2 gross income tax rate that are in effect on January 1 of a year may not  
 3 exceed one and thirty-five hundredths percent (1.35%) if the county has  
 4 imposed the county adjusted gross income tax at a rate of one and  
 5 one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

6 (h) For Pulaski County, except as provided in subsection (o), the  
 7 county economic development income tax rate plus the county adjusted  
 8 gross income tax rate that are in effect on January 1 of a year may not  
 9 exceed one and fifty-five hundredths percent (1.55%).

10 (i) For Wayne County, except as provided in subsection (o), the  
 11 county economic development income tax rate plus the county adjusted  
 12 gross income tax rate that are in effect on January 1 of a year may not  
 13 exceed one and five-tenths percent (1.5%).

14 (j) This subsection applies to Randolph County. Except as provided  
 15 in subsection (o), in addition to the rates permitted under subsection  
 16 (b):

17 (1) the county economic development income tax may be imposed  
 18 at a rate of twenty-five hundredths percent (0.25%); and

19 (2) the sum of the county economic development income tax rate  
 20 and the county adjusted gross income tax rate that are in effect on  
 21 January 1 of a year may not exceed one and five-tenths percent  
 22 (1.5%);

23 if the county council makes a determination to impose rates under this  
 24 subsection and section 22.5 of this chapter.

25 (k) For Daviess County, except as provided in subsection (o), the  
 26 county economic development income tax rate plus the county adjusted  
 27 gross income tax rate that are in effect on January 1 of a year may not  
 28 exceed one and five-tenths percent (1.5%).

29 (l) For:

30 (1) Elkhart County; or

31 (2) Marshall County;

32 except as provided in subsection (o), the county economic development  
 33 income tax rate plus the county adjusted gross income tax rate that are  
 34 in effect on January 1 of a year may not exceed one and five-tenths  
 35 percent (1.5%).

36 (m) For Union County, except as provided in subsection (o), the  
 37 county economic development income tax rate plus the county adjusted  
 38 gross income tax rate that are in effect on January 1 of a year may not  
 39 exceed one and five-tenths percent (1.5%).

40 (n) This subsection applies to Knox County. Except as provided in  
 41 subsection (o), in addition to the rates permitted under subsection (b):

42 (1) the county economic development income tax may be imposed



at a rate of twenty-five hundredths percent (0.25%); and  
 (2) the sum of the county economic development income tax rate  
 and:

(A) the county adjusted gross income tax rate that are in effect  
 on January 1 of a year may not exceed one and five-tenths  
 percent (1.5%); or

(B) the county option income tax rate that are in effect on  
 January 1 of a year may not exceed one and twenty-five  
 hundredths percent (1.25%);

if the county council makes a determination to impose rates under this  
 subsection and section 24 of this chapter.

(o) **This subsection applies to a county in which an adopting  
 entity approves the use of the certified distribution for property tax  
 relief under section 26(c) and 26(e) of this chapter or to a county in  
 which the county fiscal body approves the use of the certified  
 distribution to fund a public transportation project under section  
 26(m) of this chapter.** In addition:

(1) the county economic development income tax may be imposed  
 at a rate that exceeds by not more than twenty-five hundredths  
 percent (0.25%) the maximum rate that would otherwise apply  
 under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income  
 tax;

may be imposed at combined rates that exceed by not more than  
 twenty-five hundredths percent (0.25%) the maximum combined  
 rates that would otherwise apply under this section.

~~However,~~ **Except as provided in section 5.5 of this chapter,** the  
 additional rate imposed under this subsection may not exceed the  
 amount necessary to mitigate the increased ad valorem property taxes  
 on homesteads (as defined in IC 6-1.1-20.9-1 (repealed) before January  
 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or residential  
 property (as defined in section 26 of this chapter), as appropriate under  
 the ordinance adopted by the adopting body in the county, resulting  
 from the deduction of the assessed value of inventory in the county  
 under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the exclusion in 2008  
 of inventory from the definition of personal property in IC 6-1.1-1-11.

(p) If the county economic development income tax is imposed as  
 authorized under subsection (o) at a rate that exceeds the maximum  
 rate that would otherwise apply under this section, the certified  
 distribution must be used for ~~the~~ a purpose provided in section 26 of



1 this chapter to the extent that the certified distribution results from the  
2 difference between:

- 3 (1) the actual county economic development tax rate; and
- 4 (2) the maximum rate that would otherwise apply under this  
5 section.

6 (q) This subsection applies only to a county described in section 27  
7 of this chapter. Except as provided in subsection (o), in addition to the  
8 rates permitted by subsection (b), the:

- 9 (1) county economic development income tax may be imposed at  
10 a rate of twenty-five hundredths percent (0.25%); and
- 11 (2) county economic development income tax rate plus the county  
12 option income tax rate that are in effect on January 1 of a year  
13 may equal up to one and twenty-five hundredths percent (1.25%);  
14 if the county council makes a determination to impose rates under this  
15 subsection and section 27 of this chapter.

16 (r) Except as provided in subsection (o), the county economic  
17 development income tax rate plus the county adjusted gross income tax  
18 rate that are in effect on January 1 of a year may not exceed one and  
19 five-tenths percent (1.5%) if the county has imposed the county  
20 adjusted gross income tax under IC 6-3.5-1.1-3.3.

21 (s) This subsection applies to Howard County. Except as provided  
22 in subsection (o), the sum of the county economic development income  
23 tax rate and the county option income tax rate that are in effect on  
24 January 1 of a year may not exceed one and twenty-five hundredths  
25 percent (1.25%).

26 (t) This subsection applies to Scott County. Except as provided in  
27 subsection (o), the sum of the county economic development income  
28 tax rate and the county option income tax rate that are in effect on  
29 January 1 of a year may not exceed one and twenty-five hundredths  
30 percent (1.25%).

31 (u) This subsection applies to Jasper County. Except as provided in  
32 subsection (o), the sum of the county economic development income  
33 tax rate and the county adjusted gross income tax rate that are in effect  
34 on January 1 of a year may not exceed one and five-tenths percent  
35 (1.5%).

36 (v) An additional county economic development income tax rate  
37 imposed under section 28 of this chapter may not be considered in  
38 calculating any limit under this section on the sum of:

- 39 (1) the county economic development income tax rate plus the  
40 county adjusted gross income tax rate; or
- 41 (2) the county economic development tax rate plus the county  
42 option income tax rate.



(w) The income tax rate limits imposed by subsection (c) or (x) or any other provision of this chapter do not apply to:

(1) a county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or

(2) a county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

For purposes of computing the maximum combined income tax rate under subsection (c) or (x) or any other provision of this chapter that may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county adjusted gross income tax rate or county option income tax rate for a particular year does not include the county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

(x) This subsection applies to Monroe County. Except as provided in subsection (o), if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(y) This subsection applies to Perry County. Except as provided in subsection (o), if an ordinance is adopted under section 27.5 of this chapter, the county economic development income tax rate plus the county option income tax rate that is in effect on January 1 of a year may not exceed one and seventy-five hundredths percent (1.75%).

(z) This subsection applies to Starke County. Except as provided in subsection (o), if an ordinance is adopted under section 27.6 of this chapter, the county economic development income tax rate plus the county adjusted gross income tax rate that is in effect on January 1 of a year may not exceed two percent (2%).

SECTION 11. IC 6-3.5-7-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 5.5. (a) This section applies to Hamilton County and Marion County.**

**(b) If an additional tax rate is imposed under section 5(o) of this chapter:**

**(1) by a county subject to this section; and**

**(2) for the purpose described in section 26(m) of this chapter; the additional tax rate is not subject to the limitations set forth in section 5(o) of this chapter that relate to increased ad valorem property taxes on homesteads or residential property resulting from the exclusion of inventory from the definition of personal property in IC 6-1.1-1-11.**



SECTION 12. IC 6-3.5-7-26, AS AMENDED BY P.L.137-2012,  
SECTION 105, IS AMENDED TO READ AS FOLLOWS  
[EFFECTIVE JULY 1, 2014]: Sec. 26. (a) This section applies only to  
the following:

(1) **Taxes imposed under this chapter to provide** homestead  
and property tax replacement credits for property taxes first due  
and payable after calendar year 2006.

(2) **Taxes imposed under this chapter to fund a public  
transportation project under subsection (m).**

(b) The following definitions apply throughout this section:

(1) "Adopt" includes amend.

(2) "Adopting entity" means:

(A) the entity that adopts an ordinance under  
IC 6-1.1-12-41(f); or

(B) any other entity that may impose a county economic  
development income tax under section 5 of this chapter.

(3) "Homestead" refers to tangible property that is eligible for a  
homestead credit under IC 6-1.1-20.9 (repealed) or the standard  
deduction under IC 6-1.1-12-37.

(4) "Residential" refers to the following:

(A) Real property, a mobile home, and industrialized housing  
that would qualify as a homestead if the taxpayer had filed for  
a homestead credit under IC 6-1.1-20.9 (repealed) or the  
standard deduction under IC 6-1.1-12-37.

(B) Real property not described in clause (A) designed to  
provide units that are regularly used to rent or otherwise  
furnish residential accommodations for periods of thirty (30)  
days or more, regardless of whether the tangible property is  
subject to assessment under rules of the department of local  
government finance that apply to:

(i) residential property; or

(ii) commercial property.

(c) **This subsection does not apply to a county in which the  
county fiscal body adopts an ordinance to provide for the use of the  
certified distribution described in section 16 of this chapter to fund  
a public transportation project under IC 8-25.** An adopting entity  
may adopt an ordinance to provide for the use of the certified  
distribution described in section 16 of this chapter for the purpose  
provided in subsection (e). An adopting entity that adopts an ordinance  
under this subsection shall use the procedures set forth in IC 6-3.5-6  
concerning the adoption of an ordinance for the imposition of the  
county option income tax. The ordinance may provide for an additional



rate under section 5(o) of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16 of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and

(2) must specify that the certified distribution must be used to provide for one (1) of the following, as determined by the adopting entity:

(A) Uniformly applied homestead credits as provided in subsection (f).

(B) Uniformly applied residential credits as provided in subsection (g).

(C) Allocated homestead credits as provided in subsection (i).

(D) Allocated residential credits as provided in subsection (j).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter (before its repeal).

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

(1) retained by the county auditor under subsection (k); and

(2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the certified distribution described in section 16 of this chapter to provide:

(1) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), a homestead credit for homesteads; or

(2) if the ordinance grants a credit described in subsection (c)(2)(B) or (c)(2)(D), a property tax replacement credit for residential property;

for property taxes to offset the effect on homesteads or residential property, as applicable, in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42 or from the exclusion in 2008 of inventory from the definition of personal property in IC 6-1.1-1-11. The amount of a residential property tax replacement credit granted under this section may not be considered in computing the amount of any homestead credit to which the residential property may be entitled under IC 6-1.1-20.9 (before its repeal) or another law other than IC 6-1.1-20.6.

(f) If the imposing entity specifies the application of uniform



1 homestead credits under subsection (c)(2)(A), the county auditor shall,  
 2 for each calendar year in which a homestead credit percentage is  
 3 authorized under this section, determine:

4 (1) the amount of the certified distribution that is available to  
 5 provide a homestead credit percentage under this section for the  
 6 year;

7 (2) the amount of uniformly applied homestead credits for the  
 8 year in the county that equals the amount determined under  
 9 subdivision (1); and

10 (3) the percentage of homestead credit under this section that  
 11 equates to the amount of homestead credits determined under  
 12 subdivision (2).

13 (g) If the imposing entity specifies the application of uniform  
 14 residential credits under subsection (c)(2)(B), the county auditor shall  
 15 determine for each calendar year in which a homestead credit  
 16 percentage is authorized under this section:

17 (1) the amount of the certified distribution that is available to  
 18 provide a residential property tax replacement credit percentage  
 19 for the year;

20 (2) the amount of uniformly applied residential property tax  
 21 replacement credits for the year in the county that equals the  
 22 amount determined under subdivision (1); and

23 (3) the percentage of residential property tax replacement credit  
 24 under this section that equates to the amount of residential  
 25 property tax replacement credits determined under subdivision  
 26 (2).

27 (h) The percentage of homestead credit determined by the county  
 28 auditor under subsection (f) or the percentage of residential property  
 29 tax replacement credit determined by the county auditor under  
 30 subsection (g) applies uniformly in the county in the calendar year for  
 31 which the percentage is determined.

32 (i) If the imposing entity specifies the application of allocated  
 33 homestead credits under subsection (c)(2)(C), the county auditor shall,  
 34 for each calendar year in which a homestead credit is authorized under  
 35 this section, determine:

36 (1) the amount of the certified distribution that is available to  
 37 provide a homestead credit under this section for the year; and

38 (2) except as provided in subsection (1), a percentage of  
 39 homestead credit for each taxing district in the county that  
 40 allocates to the taxing district an amount of homestead credits that  
 41 bears the same proportion to the amount determined under  
 42 subdivision (1) that the amount of inventory assessed value



deducted under IC 6-1.1-12-42 in the taxing district for the assessment date in 2006 bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the assessment date in 2006.

(j) If the imposing entity specifies the application of allocated residential property tax replacement credits under subsection (c)(2)(D), the county auditor shall determine for each calendar year in which a residential property tax replacement credit is authorized under this section:

(1) the amount of the certified distribution that is available to provide a residential property tax replacement credit under this section for the year; and

(2) except as provided in subsection (1), a percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the assessment date in 2006 bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the assessment date in 2006.

**(k) This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of the certified distribution described in section 16 of this chapter to fund a public transportation project under IC 8-25.** The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the homestead credit or residential property tax replacement credit provided under this section within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of a homestead credit or residential property tax replacement credit under this section.

**(l) This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of the certified distribution described in section 16 of this chapter to fund a public transportation project under IC 8-25.** Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of:

(1) homestead credit determined under subsection (i)(2) if the



1 county auditor determines that the adjustment is necessary to  
 2 achieve an equitable reduction of property taxes among the  
 3 homesteads in the county; or  
 4 (2) residential property tax replacement credit determined under  
 5 subsection (j)(2) if the county auditor determines that the  
 6 adjustment is necessary to achieve an equitable reduction of  
 7 property taxes among the residential property in the county.

8 **(m) This section applies to Hamilton County and Marion**  
 9 **County. If the voters of a county approve a local public question**  
 10 **under IC 8-25-2, the fiscal body of the county may adopt an**  
 11 **ordinance to provide for the use of the certified distribution**  
 12 **described in section 16 of this chapter to fund a public**  
 13 **transportation project under IC 8-25. An ordinance adopted under**  
 14 **this subsection must specify an additional tax rate to be imposed in**  
 15 **the county of at least one-tenth percent (0.1%), but not more than**  
 16 **twenty-five hundredths percent (0.25%). If an ordinance is**  
 17 **adopted under this subsection, the amount of the certified**  
 18 **distribution attributable to the additional tax rate specified in the**  
 19 **ordinance and authorized by section 5(o) of this chapter to fund a**  
 20 **public transportation project under IC 8-25 must be:**

- 21 (1) retained by the county auditor; and
- 22 (2) used for the purpose provided in this subsection instead of
- 23 the purposes specified in the capital improvement plan
- 24 adopted under section 15 of this chapter.

25 SECTION 13. IC 6-3.5-10 IS ADDED TO THE INDIANA CODE  
 26 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 27 JULY 1, 2014]:

28 **Chapter 10. County Corporate Income Tax**

29 **Sec. 1. This chapter applies only to an eligible county.**

30 **Sec. 2. As used in this chapter, "adjusted gross income" has the**  
 31 **meaning set forth in IC 6-3-1-3.5(b).**

32 **Sec. 3. As used in this chapter, "corporation" means a**  
 33 **corporation that is:**

- 34 (1) organized for profit;
- 35 (2) incorporated under or subject to IC 23-1; and
- 36 (3) commonly known as a C corporation.

37 **The term does not include a corporation that is exempt from the**  
 38 **adjusted gross income tax under IC 6-3-2-2.8(2).**

39 **Sec. 4. As used in this chapter, "department" means the Indiana**  
 40 **department of state revenue.**

41 **Sec. 5. As used in this chapter, "doing business within the**  
 42 **county" means employing at least one (1) individual to work, in**



1 whole or in part, within the county and doing at least one (1) of the  
2 following:

- 3 (1) Maintaining a fixed place of business in the county.
- 4 (2) Owning or leasing property within the county.
- 5 (3) Maintaining a stock of tangible personal property within
- 6 the county.
- 7 (4) Employing or loaning capital or property within the
- 8 county.
- 9 (5) Employing persons as employees or independent
- 10 contractors to solicit business within the county.

11 Sec. 6. As used in this chapter, "eligible county" means one (1)  
12 or more of the following counties:

- 13 (1) Delaware County.
- 14 (2) Hamilton County.
- 15 (3) Johnson County.
- 16 (4) Madison County.
- 17 (5) Marion County.

18 Sec. 7. As used in this chapter, "fiscal body" means:

- 19 (1) the county council of a county not having a consolidated
- 20 city; or
- 21 (2) the city-county council of a county having a consolidated
- 22 city.

23 Sec. 8. As used in this chapter, "public transportation project"  
24 has the meaning set forth in IC 8-25-1-6.

25 Sec. 9. (a) If the voters of an eligible county approve a local  
26 public question under IC 8-25-2, the fiscal body of the eligible  
27 county may adopt an ordinance to impose the county corporate  
28 income tax on corporations doing business within the county.

29 (b) The fiscal body may impose the county corporate income tax  
30 on the corporation's adjusted gross income attributable to the  
31 eligible county (as determined under section 10 of this chapter).

32 (c) If the fiscal body adopts an ordinance under this section, the  
33 county corporate income tax must be imposed each year at a rate  
34 that is sufficient to generate tax revenue at least equal to the  
35 product of:

- 36 (1) the average annual operating costs estimated for the
- 37 public transportation project for the first five (5) years of the
- 38 project and each five (5) year period thereafter; multiplied by
- 39 (2) ten percent (10%).

40 Sec. 10. The amount of a corporation's adjusted gross income  
41 attributable to an eligible county is equal to the result determined  
42 in STEP SIX of the following formula:



**STEP ONE: Determine the amount of the corporation's Indiana adjusted gross income as reported on the corporation's Indiana adjusted gross income tax return or returns.**

**STEP TWO: Determine the greater of zero (0) or the quotient of:**

(A) the total amount of compensation paid to the corporation's employees working in the eligible county; divided by

(B) the total amount of compensation paid to the corporation's employees working in Indiana.

**STEP THREE: Determine the greater of zero (0) or the quotient of:**

(A) the total amount of the corporation's sales in the eligible county; divided by

(B) the total amount of the corporation's sales in Indiana.

**STEP FOUR: Determine the greater of zero (0) or the quotient of:**

(A) the total amount of assessed valuation of real and personal property owned by the corporation and located in the eligible county; divided by

(B) the total amount of assessed valuation of real and personal property owned by the corporation and located in Indiana.

**STEP FIVE: Determine the quotient of:**

(A) the sum of the STEP TWO, STEP THREE, and STEP FOUR results; divided by

(B) three (3).

**STEP SIX: Determine the product of:**

(A) the STEP ONE amount; multiplied by

(B) the STEP FIVE result.

**Sec. 11. If a fiscal body adopts an ordinance under section 9 of this chapter, the ordinance takes effect on January 1 of the following calendar year. However, a tax imposed under this chapter may not be in effect at the same time that a county corporate employment tax is in effect under IC 6-9-45.**

**Sec. 12. Except as provided in section 14 of this chapter, the fiscal body may, before July 1 of any year, adopt an ordinance to rescind the corporate county income tax. If the fiscal body adopts an ordinance to rescind the county corporate income tax, the tax does not apply after December 31 of the calendar year in which the ordinance is adopted.**



1       **Sec. 13.** Except as provided in section 14 of this chapter, the  
 2       fiscal body may, before July 1 of any year, adopt an ordinance to  
 3       increase or decrease the county corporate income tax rate. The  
 4       new tax rate takes effect on January 1 of the following calendar  
 5       year.

6       **Sec. 14.** A fiscal body may not decrease the county corporate  
 7       income tax rate or rescind the county corporate income tax if the  
 8       fiscal body has pledged the tax for a public transportation project  
 9       authorized under IC 8-25.

10       **Sec. 15.** If a fiscal body adopts an ordinance to impose, rescind,  
 11       or change the rate of the county corporate income tax, the fiscal  
 12       body shall send a copy of the ordinance to the department, the  
 13       county auditor, and the county treasurer.

14       **Sec. 16.** A tax imposed under this chapter is a listed tax. A  
 15       taxpayer subject to the tax shall file a return and pay any tax  
 16       liability at the same time that the taxpayer files an adjusted gross  
 17       income tax return under IC 6-3. The department shall prescribe  
 18       the forms, returns, and schedules necessary to administer the tax.  
 19       The department may take any other action necessary to administer  
 20       the tax.

21       **Sec. 17. (a)** The treasurer of state shall establish a special  
 22       account within the state general fund for each county adopting the  
 23       county corporate income tax. Any revenue derived from the  
 24       imposition of the county corporate income tax by a county must be  
 25       deposited in that county's account in the state general fund.

26       **(b)** Any income earned on money held in an account under  
 27       subsection (a) becomes a part of that account.

28       **(c)** Any revenue remaining in an account established under  
 29       subsection (a) at the end of a fiscal year does not revert to the state  
 30       general fund.

31       **Sec. 18. (a)** Revenue derived from the imposition of the county  
 32       corporate income tax must be distributed to the county that  
 33       imposed the tax in the manner provided by this section.

34       **(b)** The entire amount deposited, including any income earned  
 35       on the amounts deposited, in a particular calendar year in the  
 36       account established for an eligible county under section 17 of this  
 37       chapter must be distributed from the account to the county  
 38       treasurer of the eligible county on the first regular business day of  
 39       July in the following calendar year.

40       **(c)** All distributions from an account established under section  
 41       17 of this chapter must be made by warrants issued by the auditor  
 42       of state to the treasurer of state ordering the appropriate



1 payments.

2 **Sec. 19. The county treasurer shall deposit all corporate income**  
 3 **tax revenues received under section 18 of this chapter in the county**  
 4 **public transportation project fund established under IC 8-25-3-7.**

5 SECTION 14. IC 6-8.1-1-1, AS AMENDED BY P.L.277-2013,  
 6 SECTION 15, AND AS AMENDED BY P.L.288-2013, SECTION 68,  
 7 IS CORRECTED AND AMENDED TO READ AS FOLLOWS  
 8 [EFFECTIVE JULY 1, 2014]: Sec. 1. "Listed taxes" or "taxes" includes  
 9 only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the  
 10 riverboat admissions tax (IC 4-33-12); the riverboat wagering tax  
 11 (IC 4-33-13); the slot machine wagering tax (IC 4-35-8); the type II  
 12 gambling game excise tax (IC 4-36-9); the gross income tax (IC 6-2.1)  
 13 (repealed); the utility receipts and utility services use taxes (IC 6-2.3);  
 14 the state gross retail and use taxes (IC 6-2.5); the adjusted gross income  
 15 tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the  
 16 county adjusted gross income tax (IC 6-3.5-1.1); the county option  
 17 income tax (IC 6-3.5-6); the county economic development income tax  
 18 (IC 6-3.5-7); **the county corporate income tax (IC 6-3.5-10)**; the auto  
 19 rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the  
 20 gasoline tax (IC 6-6-1.1); ~~the alternative fuel permit fee (IC 6-6-2.1);~~  
 21 the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1);  
 22 a motor fuel tax collected under a reciprocal agreement under  
 23 IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); ~~the aviation fuel~~  
 24 ~~excise tax (IC 6-6-13)~~; the commercial vehicle excise tax (IC 6-6-5.5);  
 25 the excise tax imposed on recreational vehicles and truck campers  
 26 (IC 6-6-5.1); the hazardous waste disposal tax (IC 6-6-6.6); the  
 27 cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor  
 28 excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider  
 29 excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the  
 30 petroleum severance tax (IC 6-8-1); the various innkeeper's taxes  
 31 (IC 6-9); the various food and beverage taxes (IC 6-9); the county  
 32 admissions tax (IC 6-9-13 and IC 6-9-28); the regional transportation  
 33 improvement income tax (IC 8-24-17); the oil inspection fee  
 34 (IC 16-44-2); the emergency and hazardous chemical inventory form  
 35 fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3  
 36 and IC 9-30); the fees and penalties assessed for overweight vehicles  
 37 (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23);  
 38 the solid waste management fee (IC 13-20-22); and any other tax or fee  
 39 that the department is required to collect or administer.

40 SECTION 15. IC 6-9-45 IS ADDED TO THE INDIANA CODE AS  
 41 A **NEW CHAPTER** TO READ AS FOLLOWS [EFFECTIVE JULY  
 42 1, 2014]:



**Chapter 45. County Corporate Employment Tax**

**Sec. 1. This chapter applies only to an eligible county.**

**Sec. 2. As used in this chapter, "compensation" means gross income from services rendered as that term is defined by Section 61(a) of the Internal Revenue Code.**

**Sec. 3. As used in this chapter, "corporation" means a corporation that is:**

- (1) organized for profit;**
- (2) incorporated under or subject to IC 23-1; and**
- (3) commonly known as a C corporation.**

**The term does not include a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2).**

**Sec. 4. As used in this chapter, "doing business within the county" means employing an individual to work, in whole or in part, within the county and doing at least one (1) of the following:**

- (1) Maintaining a fixed place of business in the county.**
- (2) Owning or leasing property within the county.**
- (3) Maintaining a stock of tangible personal property within the county.**
- (4) Employing or loaning capital or property within the county.**
- (5) Employing an employee or engaging an independent contractor to solicit business within the county.**

**Sec. 5. As used in this chapter, "eligible county" means one (1) or more of the following counties:**

- (1) Delaware County.**
- (2) Hamilton County.**
- (3) Johnson County.**
- (4) Madison County.**
- (5) Marion County.**

**Sec. 6. As used in this chapter, "employee" means an individual who is paid wages or other compensation by an employer who is required under federal income tax law to file a Form W-2 on behalf of the individual.**

**Sec. 7. As used in this chapter, "employer" means a corporation that is doing business within an eligible county.**

**Sec. 8. As used in this chapter, "fiscal body" means:**

- (1) the county council of a county not having a consolidated city; or**
- (2) the city-county council of a county having a consolidated city.**

**Sec. 9. As used in this chapter, "full-time employee" means an**



1 employee who received compensation from employment of at least  
 2 nine hundred dollars (\$900) in any calendar quarter of a year from  
 3 an employer who is subject to the tax imposed by this chapter.

4 Sec. 10. As used in this chapter, "principally employed in the  
 5 county" means an employee who devotes more than fifty percent  
 6 (50%) of the time that the employee works for the employer to  
 7 services that the employee performs in the taxing county.

8 Sec. 11. As used in this chapter, "public transportation project"  
 9 has the meaning set forth in IC 8-25-1-6.

10 Sec. 12. (a) If the voters of an eligible county approve a local  
 11 public question under IC 8-25-2, the fiscal body of the eligible  
 12 county may adopt an ordinance to impose an employment tax on  
 13 each employer described in section 17 of this chapter. If the fiscal  
 14 body adopts an ordinance under this section, the county corporate  
 15 employment tax must be imposed each year at a rate that is  
 16 sufficient to generate tax revenue at least equal to the product of:

- 17 (1) the average annual operating costs estimated for the
- 18 public transportation project for the first five (5) years of the
- 19 project and each five (5) year period thereafter; multiplied by
- 20 (2) ten percent (10%).

21 (b) If a fiscal body adopts an ordinance under subsection (a), the  
 22 ordinance takes effect on January 1 of the following calendar year.  
 23 However, a tax imposed under this chapter may not be in effect at  
 24 the same time that a county corporate income tax is in effect under  
 25 IC 6-3.5-10.

26 Sec. 13. Except as provided in section 15 of this chapter, the  
 27 fiscal body may, before July 1 of any year, adopt an ordinance to  
 28 rescind the county corporate employment tax. If the fiscal body  
 29 adopts an ordinance to rescind the county corporate employment  
 30 tax, the tax does not apply after December 31 of the year the  
 31 ordinance is adopted.

32 Sec. 14. Except as provided in section 15 of this chapter, the  
 33 fiscal body may, before July 1 of any year, adopt an ordinance to  
 34 increase or decrease the county corporate employment tax rate.  
 35 The new tax rate takes effect on January 1 of the following  
 36 calendar year.

37 Sec. 15. A fiscal body may not decrease the county corporate  
 38 employment tax rate or rescind the employment tax if the fiscal  
 39 body has pledged the county corporate employment tax for a  
 40 public transportation project authorized under IC 8-25.

41 Sec. 16. If a fiscal body adopts an ordinance to impose, rescind,  
 42 or change the rate of the county corporate employment tax, the



1 fiscal body shall send a copy of the ordinance to the county auditor  
2 and to the county treasurer.

3 Sec. 17. If the fiscal body adopts an ordinance to impose the  
4 county corporate employment tax, an employer is subject to the tax  
5 if the employer employs at least one (1) full-time employee who is  
6 principally employed in the county during any part of a month  
7 beginning after the effective date of the ordinance imposing the tax.

8 Sec. 18. An employer described in section 17 of this chapter shall  
9 pay county corporate employment tax for each month during  
10 which the employer employed at least one (1) full-time employee  
11 who was principally employed in the county during that month. An  
12 employer's tax liability under this chapter for the month equals:

- 13 (1) the total number of full-time employees principally  
14 employed within the county during that month; multiplied by  
15 (2) the applicable tax rate.

16 Sec. 19. An employer described in section 17 of this chapter shall  
17 pay the total county corporate employment tax due for each month  
18 to the county treasurer not later than the fifteenth day of the  
19 following month. The employer shall file a county corporate  
20 employment tax return with the county treasurer on a form  
21 prescribed by the state board of accounts at the time of payment.  
22 Each employer within the county shall maintain for a period of five  
23 (5) years adequate records to determine its tax liability for a  
24 particular month. The department of state revenue shall conduct  
25 an audit of an employer's county corporate employment tax  
26 records upon the request of the county treasurer.

27 Sec. 20. The county treasurer shall deposit all county corporate  
28 employment tax revenues in the county public transportation  
29 project fund established under IC 8-25-3-7.

30 Sec. 21. On or before August 1 of each year, the auditor of a  
31 county that has adopted the county corporate employment tax shall  
32 provide the fiscal body with an estimate of the county corporate  
33 employment tax revenues to be credited to the county public  
34 transportation project fund during the next calendar year. The  
35 county shall show the estimated county corporate employment tax  
36 revenues in its budget estimate for that calendar year.

37 SECTION 16. IC 8-25 IS ADDED TO THE INDIANA CODE AS  
38 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
39 2014]:

40 **ARTICLE 25. CENTRAL INDIANA PUBLIC**  
41 **TRANSPORTATION PROJECTS**

42 **Chapter 1. General Provisions**



1       **Sec. 1. The purpose of this article is to provide a flexible means**  
 2 **of planning, designing, acquiring, constructing, enlarging,**  
 3 **improving, renovating, maintaining, equipping, financing,**  
 4 **operating, and supporting public transportation systems that can**  
 5 **be adapted to the unique circumstances existing in central Indiana.**

6       **Sec. 2. The definitions in this chapter apply throughout this**  
 7 **article.**

8       **Sec. 3. "Bonds" means, except as otherwise provided, bonds,**  
 9 **notes, or other evidences of indebtedness. The term includes**  
 10 **obligations (as defined in IC 8-9.5-9-3) and swap agreements (as**  
 11 **defined in IC 8-9.5-9-4).**

12       **Sec. 4. "Corporation" means a corporation that is:**

- 13       (1) **organized for profit;**
- 14       (2) **incorporated under or subject to IC 23-1; and**
- 15       (3) **commonly known as a C corporation.**

16       **The term does not include a corporation that is exempt from the**  
 17 **adjusted gross income tax under IC 6-3-2-2.8(2).**

18       **Sec. 5. "Eligible county" means one (1) or more of the following**  
 19 **counties:**

- 20       (1) **Delaware County.**
- 21       (2) **Hamilton County.**
- 22       (3) **Johnson County.**
- 23       (4) **Madison County.**
- 24       (5) **Marion County.**

25       **Sec. 6. "Public transportation project" refers to an action taken**  
 26 **to:**

- 27       (1) **plan;**
- 28       (2) **design;**
- 29       (3) **acquire;**
- 30       (4) **construct;**
- 31       (5) **enlarge;**
- 32       (6) **improve;**
- 33       (7) **renovate;**
- 34       (8) **maintain;**
- 35       (9) **equip; or**
- 36       (10) **operate;**

37       **a public transportation system in an eligible county.**

38       **Sec. 7. "Public transportation agency" has the meaning set forth**  
 39 **in IC 36-9-1-5.5.**

40       **Sec. 8. "Public transportation system" means any common**  
 41 **carrier of passengers for hire.**

42       **Chapter 2. Local Public Questions on Central Indiana Public**



**Transportation Projects**

**Sec. 1.** Except as provided in IC 8-25-4-6, the fiscal body of an eligible county may adopt an ordinance to place on the ballot a local public question granting the fiscal body of the eligible county the authority to fund and carry out a public transportation project. The fiscal body shall include in the ordinance:

- (1) a description of the public transportation services that will be provided through the proposed public transportation project; and
- (2) an estimate of each tax necessary to annually fund the public transportation project.

**Sec. 2. (a)** This section applies to Hamilton County and Marion County.

(b) If a fiscal body of an eligible county adopts an ordinance under section 1 of this chapter, the county auditor shall certify the ordinance to the county election board, and the county election board shall place the following question on the election ballot in accordance with IC 3-10-9:

"Shall \_\_\_\_\_ County have the ability to impose:

- (1) a county economic development income tax rate, not to exceed a rate of \_\_\_\_\_ (insert recommended rate included in the ordinance authorizing the local public question); and
- (2) a business tax on corporations in the form of \_\_\_\_\_ (insert the type of tax proposed in the ordinance authorizing the local public question) and at the rate of \_\_\_\_\_ (insert recommended rate included in the ordinance authorizing the local public question);

to pay for improving or establishing public transportation service in the county through a public transportation project that \_\_\_\_\_ (insert the description of the public transportation project set forth in the ordinance authorizing the local public question)?".

**Sec. 3. (a)** This section applies to Delaware County and Madison County.

(b) If a fiscal body of an eligible county adopts an ordinance under section 1 of this chapter, the county auditor shall certify the ordinance to the county election board, and the county election board shall place the following question on the election ballot in accordance with IC 3-10-9:

"Shall \_\_\_\_\_ County have the ability to impose:



(1) a county option income tax rate, not to exceed a rate of \_\_\_\_\_ (insert recommended rate included in the ordinance authorizing the local public question); and

(2) a business tax on corporations in the form of \_\_\_\_\_ (insert the type of tax proposed in the ordinance authorizing the local public question) and at the rate of \_\_\_\_\_ (insert recommended rate included in the ordinance authorizing the local public question);

to pay for improving or establishing public transportation service in the county through a public transportation project that \_\_\_\_\_ (insert the description of the public transportation project set forth in the ordinance authorizing the local public question)?".

Sec. 4. (a) This section applies to Johnson County.

(b) If a fiscal body of an eligible county adopts an ordinance under section 1 of this chapter, the county auditor shall certify the ordinance to the county election board, and the county election board shall place the following question on the election ballot in accordance with IC 3-10-9:

"Shall \_\_\_\_\_ County have the ability to impose:

(1) a county adjusted gross income tax rate, not to exceed a rate of \_\_\_\_\_ (insert recommended rate included in the ordinance authorizing the local public question); and

(2) a business tax on corporations in the form of \_\_\_\_\_ (insert the type of tax proposed in the ordinance authorizing the local public question) and at the rate of \_\_\_\_\_ (insert recommended rate included in the ordinance authorizing the local public question);

to pay for improving or establishing public transportation service in the county through a public transportation project that \_\_\_\_\_ (insert the description of the public transportation project set forth in the ordinance authorizing the local public question)?".

Sec. 5. Except as provided in section 8 of this chapter, if a county auditor certifies an ordinance under section 2, 3, or 4 of this chapter, the county election board shall place the local public question on the ballot at the next general election for which the question may be certified under IC 3-10-9-3 and for which all voters of the county are entitled to vote.

Sec. 6. After an election on the local public question, the circuit



1 court clerk of the county shall:

- 2 (1) make a certified copy of the election returns; and  
 3 (2) not later than five (5) days after the election, file the copy  
 4 with:  
 5 (A) the department of state revenue; and  
 6 (B) the fiscal body of the county.

7 Sec. 7. The local public question is approved by a county if a  
 8 majority of the county voters voting on the local public question  
 9 vote "yes". The local public question is defeated by a county if a  
 10 majority of the county voters voting on the local public question  
 11 vote "no".

12 Sec. 8. If the local public question is defeated in a county, the  
 13 fiscal body may adopt an ordinance under this section to place  
 14 another local public question on the ballot as provided in this  
 15 section at a subsequent general election in the county. However, a  
 16 local public question under this section may not be placed on the  
 17 ballot more than two (2) times in any seven (7) year period.

18 Chapter 3. Funding for Central Indiana Public Transportation  
 19 Projects

20 Sec. 1. (a) This section applies to Hamilton County and Marion  
 21 County.

22 (b) If the voters of an eligible county approve a local public  
 23 question under IC 8-25-2, the fiscal body of the eligible county  
 24 may, subject to section 4 of this chapter, adopt ordinances as  
 25 follows to fund the public transportation project:

- 26 (1) Under IC 6-3.5-7-26(m) to impose an additional county  
 27 economic development income tax rate as allowed by  
 28 IC 6-3.5-7-5(o) for the public transportation project.  
 29 (2) Under either of the following:  
 30 (A) IC 6-3.5-10 to impose a county corporate income tax  
 31 for the public transportation project.  
 32 (B) IC 6-9-45 to impose a county corporate employment  
 33 tax for the public transportation project.

34 Sec. 2. (a) This section applies to Delaware County and Madison  
 35 County.

36 (b) If the voters of an eligible county approve a local public  
 37 question under IC 8-25-2, the fiscal body of the eligible county  
 38 may, subject to section 4 of this chapter, adopt ordinances as  
 39 follows to fund the public transportation project:

- 40 (1) Under IC 6-3.5-6-30(t) to impose an additional county  
 41 option income tax rate for the public transportation project.  
 42 (2) Under either of the following:



(A) IC 6-3.5-10 to impose a county corporate income tax for the public transportation project.

(B) IC 6-9-45 to impose a county corporate employment tax for the public transportation project.

Sec. 3. (a) This section applies to Johnson County.

(b) If the voters of an eligible county approve a local public question under IC 8-25-2, the fiscal body of the eligible county may, subject to section 4 of this chapter, adopt ordinances as follows to fund the public transportation project:

(1) Under IC 6-3.5-1.1-24(s) to impose an additional county adjusted gross income tax rate for the public transportation project.

(2) Under either of the following:

(A) IC 6-3.5-10 to impose a county corporate income tax for the public transportation project.

(B) IC 6-9-45 to impose a county corporate employment tax for the public transportation project.

Sec. 4. The fiscal body of an eligible county may not adopt an ordinance imposing a tax rate or a tax for a public transportation project unless the tax rate or tax was described in an ordinance adopted under IC 8-25-2-1 and in the local public question on the approval of the public transportation project.

Sec. 5. (a) The minimum tax rate for a county adjusted gross income tax, county option income tax, or county economic development income tax that may be imposed to fund a public transportation project is one-tenth percent (0.1%).

(b) The maximum tax rate for a county adjusted gross income tax, county option income tax, or county economic development income tax that may be imposed to fund a public transportation project is twenty-five hundredths percent (0.25%).

Sec. 6. Only one (1) corporate tax described in section 1(b)(2), 2(b)(2), or 3(b)(2) of this chapter may be in effect in an eligible county at any particular time.

Sec. 7. (a) If the fiscal body of an eligible county imposes taxes to fund a public transportation project, the county treasurer of the eligible county shall establish a county public transportation project fund to receive tax revenues collected for the public transportation project.

(b) Money in a fund established under subsection (a) at the end of the eligible county's fiscal year remains in the fund. Interest earned by the fund must be deposited in the fund.

(c) Money deposited in an eligible county's public transportation



1 project fund may be used only to purchase, establish, operate,  
 2 repair, or maintain a public transportation project authorized  
 3 under this article. Money in the fund may be pledged by the fiscal  
 4 body of the eligible county to the repayment of bonds issued for  
 5 purposes of a public transportation project authorized under this  
 6 article.

7 (d) The fiscal body of an eligible county may, in the manner  
 8 provided by law, appropriate money from the fund to a public  
 9 transportation corporation that is authorized to purchase,  
 10 establish, operate, repair, or maintain the public transportation  
 11 project if the public transportation project is located, either  
 12 entirely or partially, within the eligible county.

13 Sec. 8. For purposes of this chapter, IC 36-9-2-2(b), and  
 14 IC 36-9-4-58(b), the purchase of equipment or other personal  
 15 property is considered an operating expense if the equipment or  
 16 other personal property has a useful life of less than three (3)  
 17 years.

#### 18 Chapter 4. Carrying Out Central Indiana Public Transportation 19 Projects

20 Sec. 1. An eligible county may carry out a public transportation  
 21 project in accordance with the powers granted to the county by  
 22 IC 36-9-2 and this article.

23 Sec. 2. The fiscal body of an eligible county may adopt an  
 24 ordinance authorizing a public transportation corporation to carry  
 25 out a public transportation project in accordance with the powers  
 26 granted to the public transportation corporation under IC 36-9-4  
 27 and subject to the appropriating power of the fiscal body and any  
 28 other powers reserved for the fiscal body by this article.

29 Sec. 3. The fiscal body of an eligible county may adopt an  
 30 ordinance authorizing the executive of the county to enter into an  
 31 interlocal agreement with the executive of another eligible county  
 32 to carry out jointly a public transportation project approved by the  
 33 voters of both counties in local public questions held under this  
 34 article.

35 Sec. 4. The fiscal body of an eligible county may adopt an  
 36 ordinance authorizing the executive of the county to enter into one  
 37 (1) or more public-private partnership contracts under which a  
 38 public transportation project is carried out, in whole or in part, by  
 39 one (1) or more nongovernmental entities.

40 Sec. 5. If an ordinance authorizing public-private partnership  
 41 contracts is adopted under section 4 of this chapter, the executive  
 42 of the eligible county shall issue a request for proposals with



1 respect to each proposed public-private partnership contract and  
2 award each contract under IC 5-22-9.

3 Sec. 6. An eligible county may carry out only one (1) public  
4 transportation project under this article. The fiscal body of an  
5 eligible county may not adopt a subsequent ordinance under  
6 IC 8-25-2-1 after a public transportation project is approved by the  
7 voters of the county under IC 8-25-2.

8 **Chapter 5. Bonding for Central Indiana Public Transportation**  
9 **Projects**

10 Sec. 1. This chapter applies to the issuance of bonds by an  
11 eligible county for purposes of a public transportation project  
12 authorized under this article.

13 Sec. 2. As used in this chapter, "bonds" has the meaning set  
14 forth in IC 36-1-2-2.

15 Sec. 3. (a) Upon request of the county executive, the county  
16 fiscal body may borrow money and issue bonds in the name of the  
17 county in principal amounts and maturities as the fiscal body  
18 determines necessary to provide sufficient funds for the purposes  
19 specified in this article, including:

- 20 (1) the payment of costs of the public transportation project
- 21 for which bonds are authorized, costs of issuance, or related
- 22 costs of financing;
- 23 (2) the payment of interest on the bonds;
- 24 (3) the establishment of reserves to secure the bonds; and
- 25 (4) all other expenditures of the county incident to, necessary,
- 26 and convenient to carry out this chapter.

27 (b) Before bonds may be issued under this chapter, the county  
28 fiscal body shall give notice of a public hearing to disclose the  
29 purpose for which the bond issue is proposed, the amount of the  
30 proposed issue, and other pertinent data. The county fiscal body  
31 shall publish in accordance with IC 5-3-1 a notice of the time,  
32 place, and general purpose of the hearing.

33 Sec. 4. (a) The bonds must be authorized by ordinance of the  
34 fiscal body. The ordinance must provide the following with respect  
35 to the bonds:

- 36 (1) The original date of the bonds.
- 37 (2) The time or times that the bonds mature. However, a bond
- 38 may not mature more than twenty (20) years after the date it
- 39 is issued.
- 40 (3) The maximum interest rate or rates, including variations
- 41 of the rates.
- 42 (4) The denominations.



- (5) The form, either coupon or registered.
- (6) The registration privileges.
- (7) The medium of payment and the place or places of payment.
- (8) The terms of redemption, including redemption before maturity.

(b) Bonds issued under this chapter must be sold under IC 5-1-11, and at a price or prices determined by the county fiscal body in the ordinance.

Sec. 5. An ordinance authorizing the issuance of bonds under this chapter or trust indenture under which the bonds are issued may contain the following provisions:

- (1) Pledging revenues of the county to secure the payment of the bonds, subject to section 6 of this chapter and existing agreements with bondholders.
- (2) Setting aside reserves or sinking funds and the regulation and disposition of these funds.
- (3) Limitations on the purposes to which the proceeds from the sale of bonds may be applied.
- (4) Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding or other bonds.
- (5) The procedure, if any, by which the terms of a contract with bondholders may be amended or abrogated and the manner in which the consent to the amendment or abrogation may be given.
- (6) Vesting in a trustee property, rights, powers, and trust as the county fiscal body determines, and limiting or abrogating the right of the bondholders to appoint a trustee or to limit the rights, powers, and duties of the trustee.
- (7) Defining acts or omissions that will constitute a default and the obligations or duties of the county fiscal body to the bondholders and providing for the rights and remedies of the bondholders in the event of default. However, the rights and remedies must not be inconsistent with this chapter or other laws of this state.
- (8) A covenant that the fiscal body will not repeal or adversely modify the taxes or sources of revenue that are pledged to secure the payment of the bonds.
- (9) Any other matter that affects the security or protection of the bondholders.

Sec. 6. (a) Except as provided in subsection (b), the county fiscal



body may pledge revenues for the payment of principal and interest on the bonds and for other purposes under the ordinance as provided by IC 5-1-14-4, including revenues from the following sources:

- (1) The county adjusted gross income tax in Johnson County.
- (2) The county option income tax in Delaware County or Madison County.
- (3) The county economic development income tax in Hamilton County or Marion County.
- (4) A county corporate income tax.
- (5) A county corporate employment tax.

(b) The county fiscal body may not pledge to levy ad valorem property taxes for these purposes.

(c) If the county fiscal body has pledged revenues from the county economic development income tax as set forth in subsection (a), the county fiscal body may covenant that the county fiscal body will not repeal or modify the tax in a manner that would adversely affect owners of outstanding bonds issued under this chapter. The county fiscal body may make the covenant by adopting an ordinance.

Sec. 7. (a) The bonds may be secured by a trust indenture between the county and a bank having the power of a trust company or any trust company.

(b) The trust indenture may provide for:

- (1) protecting and enforcing the rights and remedies of the bondholders as are reasonable and proper and not in violation of law;
- (2) covenants setting forth the duties of the county fiscal body in relation to the exercise of its powers and the custody, safekeeping, and application of money related to the bond financing for which the trust indenture exists;
- (3) the payment of the proceeds of the bonds and the revenue of the trustee under the trust indenture; and
- (4) the method of disbursement of the proceeds of the bonds and the revenue to the trustee, with safeguards and restrictions as the county fiscal body may determine.

Sec. 8. Bonds issued by the county under this chapter must be executed by the manual or facsimile signatures of the executive and attested to by the county auditor.

Sec. 9. Money received from the bonds issued under this chapter shall be applied solely to the purposes for which the bonds were issued, except as provided in IC 5-1-13 and IC 5-1-14.



1       **Sec. 10. The bonds are negotiable instruments, subject only to**  
 2       **the provisions of the bonds relating to registration.**

3       **Sec. 11. Bonds issued under this chapter are exempt from**  
 4       **taxation in Indiana under IC 6-8-5.**

5       **Sec. 12. Bonds issued by the county under this chapter are**  
 6       **exempt from registration and other requirements of IC 23 and any**  
 7       **other securities registration laws.**

8       **Sec. 13. The general assembly pledges to and covenants with the**  
 9       **owner of any bonds issued under this chapter that the general**  
 10       **assembly will not limit or alter the ability of the county to fulfill the**  
 11       **terms of the agreements or pledges made with bondholders or in**  
 12       **any way impair the rights or remedies of the bondholders until the**  
 13       **bonds and related obligations are fully met and discharged.**

14       **Sec. 14. IC 6-1.1-20 does not apply to the issuance of bonds**  
 15       **under this chapter.**

16       **Sec. 15. Bonds issued under this chapter do not create a moral**  
 17       **obligation of the state to pay all or part of the debt.**

18       SECTION 17. IC 12-29-2-2, AS AMENDED BY P.L.123-2008,  
 19       SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 20       JULY 1, 2014]: Sec. 2. (a) A county shall fund the operation of  
 21       community mental health centers in the amount determined under  
 22       subsection (b), unless a lower tax levy amount will be adequate to  
 23       fulfill the county's financial obligations under this chapter in any of the  
 24       following situations:

25               (1) If the total population of the county is served by one (1)  
 26               center.

27               (2) If the total population of the county is served by more than one  
 28               (1) center.

29               (3) If the partial population of the county is served by one (1)  
 30               center.

31               (4) If the partial population of the county is served by more than  
 32               one (1) center.

33       (b) The amount of funding under subsection (a) for taxes first due  
 34       and payable in a calendar year is the following:

35               (1) For 2004, the amount is the amount determined under STEP  
 36               THREE of the following formula:

37                       STEP ONE: Determine the amount that was levied within the  
 38                       county to comply with this section from property taxes first  
 39                       due and payable in 2002.

40                       STEP TWO: Multiply the STEP ONE result by the county's  
 41                       assessed value growth quotient for the ensuing year 2003, as  
 42                       determined under IC 6-1.1-18.5-2.



- 1 STEP THREE: Multiply the STEP TWO result by the county's  
 2 assessed value growth quotient for the ensuing year 2004, as  
 3 determined under IC 6-1.1-18.5-2.
- 4 (2) Except as provided in subsection (c), for 2005 and each year  
 5 thereafter, the result equal to:
- 6 (A) the amount that was levied in the county to comply with  
 7 this section from property taxes first due and payable in the  
 8 calendar year immediately preceding the ensuing calendar  
 9 year; multiplied by
- 10 (B) the county's assessed value growth quotient for the ensuing  
 11 calendar year, as determined under IC 6-1.1-18.5-2.
- 12 (c) This subsection applies only to property taxes first due and  
 13 payable after December 31, 2007. This subsection applies only to a  
 14 county for which:
- 15 (1) a county adjusted gross income tax rate is first imposed or is  
 16 increased in a particular year under IC 6-3.5-1.1-24; or
- 17 (2) a county option income tax rate is first imposed or is increased  
 18 in a particular year under IC 6-3.5-6-30;
- 19 **to provide property tax relief in the county.** Notwithstanding any  
 20 provision in this section or any other section of this chapter, for a  
 21 county subject to this subsection, the county's maximum property tax  
 22 levy under this section to fund the operation of community mental  
 23 health centers for the ensuing calendar year is equal to the county's  
 24 maximum property tax levy to fund the operation of community mental  
 25 health centers for the current calendar year.
- 26 (d) Except as provided in subsection (h), the county shall pay to the  
 27 division of mental health and addiction the part of the funding  
 28 determined under subsection (b) that is appropriated solely for funding  
 29 the operations of a community health center. The funding required  
 30 under this section for operations of a community health center shall be  
 31 paid by the county to the division of mental health and addiction. These  
 32 funds shall be used solely for satisfying the non-federal share of  
 33 medical assistance payments to community mental health centers  
 34 serving the county for:
- 35 (1) allowable administrative services; and
- 36 (2) community mental health rehabilitation services.
- 37 All other funding appropriated for the purposes allowed under section  
 38 1.2(b)(1) of this chapter shall be paid by the county directly to the  
 39 community mental health center semiannually at the times that the  
 40 payments are made under subsection (e).
- 41 (e) The county shall appropriate and disburse the funds for  
 42 operations semiannually not later than December 1 and June 1 in an



amount equal to the amount determined under subsection (b) and requested in writing by the division of mental health and addiction. The total funding amount paid to the division of mental health and addiction for a county for each calendar year may not exceed the amount that is calculated in subsection (b) and set forth in writing by the division of mental health and addiction for the county. Funds paid to the division of mental health and addiction by the county shall be submitted by the county in a timely manner after receiving the written request from the division of mental health and addiction, to ensure current year compliance with the community mental health rehabilitation program and any administrative requirements of the program.

(f) The division of mental health and addiction shall ensure that the non-federal share of funding received from a county under this program is applied only for matching federal funds for the designated community mental health centers to the extent a center is eligible to receive county funding under ~~IC 12-21-2-3(a)(5)(E)~~. **IC 12-21-2-3(5)(D).**

(g) The division of mental health and addiction:

- (1) shall first apply state funding to a community mental health center's non-federal share of funding under this program; and
- (2) may next apply county funding received under ~~IC 12-29-2-2~~ **this section** to any remaining non-federal share of funding for the community mental health center.

The division shall distribute any excess state funds that exceed the community mental health rehabilitation services non-federal share applied to a community mental health center that is entitled to the excess state funds.

(h) The health and hospital corporation of Marion County created by IC 16-22-8-6 may make payments to the division for the operation of a community mental health center as described in this chapter.

SECTION 18. IC 36-9-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 2. (a) A unit may establish, aid, maintain, and operate transportation systems.

**(b) This subsection applies to an eligible county (as defined by IC 8-25-1-5) that establishes a public transportation system through a public transportation project authorized and funded under IC 8-25. The unit must establish fares and charges that cover at least twenty-five percent (25%) of the operating expenses of the public transportation system. The unit annually shall report on the unit's compliance with this subsection not later than sixty (60) days after the close of the unit's fiscal year. The report must include**



1 information on any fare increases necessary to achieve compliance.  
 2 The unit shall submit the report to the department of local  
 3 government finance and make the report available electronically  
 4 through the Indiana transparency Internet web site established  
 5 under IC 5-14-3.8.

6 (c) If a unit fails to prepare and disclose the annual report in the  
 7 manner required by subsection (b), any person subject to a tax  
 8 described in IC 8-25 may initiate a cause of action in the circuit  
 9 court of the eligible county to compel the appropriate officials of  
 10 the unit to prepare and disclose the annual report not later than  
 11 thirty (30) days after a court order mandating the unit to comply  
 12 with subsection (b) is issued by the circuit court.

13 SECTION 19. IC 36-9-4-58 IS AMENDED TO READ AS  
 14 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 58. (a) An urban mass  
 15 transportation system operating under this chapter is considered a  
 16 common carrier not operating under a franchise or contract granted by  
 17 a municipality and not regulated by ordinance, and is subject to the  
 18 authority of the department of state revenue under IC 8-2.1 to the same  
 19 extent as any other common carrier. However, in determining the  
 20 reasonableness of the fares and charges of such a system, the  
 21 department of state revenue shall consider, among other factors, the  
 22 policy of this chapter to foster and assure the development and  
 23 maintenance of urban mass transportation systems, and it is not  
 24 necessary that the operating revenues of the system be sufficient to  
 25 cover the cost to the system of providing adequate service.

26 (b) If a public transportation corporation providing public  
 27 transportation services in Marion County expands its service  
 28 through a public transportation project authorized and funded  
 29 under IC 8-25, the public transportation corporation shall establish  
 30 fares and charges that cover at least twenty-five percent (25%) of  
 31 the operating expenses of the urban mass transportation system  
 32 operated by the public transportation corporation. The public  
 33 transportation corporation annually shall report on the  
 34 corporation's compliance with this subsection not later than sixty  
 35 (60) days after the close of the corporation's fiscal year. The report  
 36 must include information on any fare increases necessary to  
 37 achieve compliance. The public transportation corporation shall  
 38 submit the report to the department of local government finance  
 39 and make the report available electronically through the Indiana  
 40 transparency Internet web site established under IC 5-14-3.8.

41 (c) If a public transportation corporation fails to prepare and  
 42 disclose the annual report in the manner required by subsection



1       **(b), any person subject to a tax described in IC 8-25 may initiate a**  
2       **cause of action in the circuit court of the eligible county to compel**  
3       **the appropriate officials of the public transportation corporation**  
4       **to prepare and disclose the annual report not later than thirty (30)**  
5       **days after a court order mandating the public transportation**  
6       **corporation to comply with subsection (b) is issued by the circuit**  
7       **court.**

